



7020-02

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1082]

Certain Gas Spring Nailer Products and Components Thereof;

Commission Determination to Review in Part a Remand Initial Determination Finding No Violation of Section 337; Request for Written Submissions on Remedy, Bonding, and the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission (“the Commission”) has determined to review in part a remand initial determination (“RID”) of the presiding administrative law judge (“ALJ”) finding no violation of section 337. The Commission is also requesting written submissions on remedy, bonding, and the public interest.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on November 20, 2017, based on a complaint filed on behalf of Kyocera Senco Brands Inc. (“Kyocera”) of Cincinnati, Ohio. 82 *Fed. Reg.* 55118-19 (Nov. 20, 2017). The complaint, as amended and supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain gas spring nailer products and components thereof by reason of infringement of certain claims of U.S. Patent Nos. 8,011,547 (“the ’547 patent”); 8,267,296 (“the ’296 patent”); 8,27,297 (“the ’297 patent”); 8,387,718 (“the ’718 patent”); 8,286,722 (“the ’722 patent”); and 8,602,282 (“the ’282 patent”). The complaint further alleges the existence of a domestic industry. The Commission’s notice of investigation named as a respondent Hitachi Koki U.S.A., Ltd. (“Hitachi”) of Braselton, Georgia. The Office of Unfair Import Investigations is not participating in the investigation. The ’547 patent has been terminated from the investigation and the notice of investigation was amended to add claim 30 of the ’297 patent to the investigation. Order No. 13 (June 4, 2018), *unreviewed by* Comm’n Notice (June 22, 2018); Order No. 15 (June 19, 2018), *unreviewed by* Comm’n Notice (July 9, 2018), 83 *Fed. Reg.* 32685-66 (July 15, 2018). Prior to the evidentiary hearing, the parties stipulated that the ’718 patent is the only remaining patent at issue since no violation could be shown as to the ’296, ’297, ’722, and ’282 patents based on an evidentiary ruling limiting the scope of testimony of Kyocera’s expert. *See* ID at 1-2.

On June 7, 2019, the ALJ issued a final ID finding no violation of section 337 as to the ’718 patent based on non-infringement and the failure of Kyocera to establish the existence of a

domestic industry that practices the '718 patent. Specifically, the ID finds that neither Hitachi's accused products nor Kyocera's domestic products satisfy the "system controller" limitation of the asserted claims.

On August 14, 2019, the Commission determined to review the ID and remand in part. *See* Comm'n Notice (Aug. 14, 2019). Specifically, the Commission determined to review the ID's finding that Kyocera did not establish: (1) either direct or induced infringement of the asserted claims of the '718 patent; and (2) practice of the asserted claims by Kyocera's DI products to satisfy the domestic industry requirement. The Commission also determined to review the ID's finding that Kyocera demonstrated sufficient activities and investments relating to the articles protected by the '718 patent to satisfy the domestic industry requirement. *Id.* Also, the Commission remanded the issues of whether Kyocera has established, by a preponderance of the evidence, that: (1) the remaining limitations (irrespective of the "system controller" limitation) of the asserted claims of the '718 patent are met by Hitachi's accused products; (2) the remaining limitations of the asserted claims are practiced by Kyocera's domestic industry products; and (3) Hitachi induced infringement of the asserted claims. *Id.*

On October 28, 2019, the ALJ issued the subject RID finding no violation of section 337 as to the '718 patent based on non-infringement and the failure of Kyocera to establish the existence of a domestic industry that practices the '718 patent. Specifically, the RID finds that: (1) neither Hitachi's accused products nor Kyocera's domestic industry ("DI") products satisfy the "displacement volume" limitation (*i.e.*, "(A) a hollow cylinder comprising a cylindrical wall with a movable piston therewith, said hollow cylinder containing a displacement volume created by a stroke of said piston") and the "initiating a driving cycle" limitation (*i.e.*, "initiating a driving cycle

by pressing said exit end against a workpiece and actuating said trigger, thereby causing said fastener driving mechanism to force the driver member to move toward said exit end and drive a fastener into said workpiece”) of the asserted claims and (2) Kyocera fails to establish that Hitachi possesses the requisite specific intent to induce infringement of the claims.

On November 12, 2019, Kyocera petitioned, and Hitachi contingently petitioned, for review of the RID. On November 20, 2019, Kyocera and Hitachi each filed a response in opposition to the other party’s petition for review.

Having reviewed the record of the investigation, including the parties’ briefing, the Commission has determined to review the subject RID in part. Specifically, the Commission has determined to review the RID’s finding that Kyocera did not establish: (1) direct infringement of the asserted claims with respect to the “displacement volume” and “initiating a driving cycle” limitations; (2) practice of the asserted claims by its DI products with respect to these limitations; and (3) induced infringement of the asserted claims. The Commission has determined not to review the remainder of the RID.

The Commission also requests that the parties brief the following questions on review:

1. With respect to the economic prong of the domestic industry requirement, did the ID address the contextual analysis required by our precedent to determine if Kyocera’s investments are significant? *See, e.g., Certain Carburetors and Products Containing Such Carburetors*, Inv. No. 337-TA-1123, Comm’n Op. at 17-19 (Oct. 28, 2019). If not, does the record evidence support a finding that Kyocera satisfies this requirement?

2. Did Hitachi present any argument(s) concerning contextual analysis in its petition for review? If so, please identify the argument(s) and the relevant petition pages, evidence, and authorities cited on the issue.
3. Does the RID's interpretation and application of the "initiating a driving cycle" limitation exclude the embodiments depicted in Figures 1 and 16 of the '718 patent?

Responses or replies to the briefing questions should not exceed 30 pages.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that results in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respective respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

When the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are

like or directly competitive with those that are subject to investigation, and (4) U.S. consumers.

The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

When the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* section 337(j), 19 U.S.C. § 1337(j) and the Presidential Memorandum of July 21, 2005. *70 Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues under review that specifically address the Commission's questions set forth in this notice. The submissions should be concise and thoroughly referenced to the record in this investigation. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, bonding, and the public interest. Such submissions should address the recommended determination by the ALJ on remedy and bonding.

Complainant is also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to state the date that the asserted patent expires, the HTSUS numbers under which the accused products are imported, and to supply the names of known importers of the products at issue in this investigation. The responses to the questions on

review, written submissions, and proposed remedial orders must be filed no later than close of business on January 3, 2020. Reply submissions must be filed no later than the close of business on January 10, 2020. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit eight true paper copies to the Office of the Secretary pursuant to Section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-1082") in a prominent place on the cover page and/or the first page. (*See Handbook on Filing Procedures, https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf*). Persons with questions regarding filing should contact the Secretary at (202) 205-2000.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining

the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel¹, solely for cybersecurity purposes. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and in part 210 of the Commission's Rules of Practice and Procedure, 19 CFR part 210.

By order of the Commission.

Issued: December 12, 2019.

Lisa Barton,
Secretary to the Commission.

¹ All contract personnel will sign appropriate nondisclosure agreements.

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